

In this week's recap: China unveils new tariffs, the U.S. responds in kind, Jerome Powell speaks at Jackson Hole, leading economic indicators rise, and stocks fall.

Weekly Economic Update

Presented by RTN Financial & Retirement Group, August 26, 2019

THE WEEK ON WALL STREET

Traders assumed that the week's biggest news event would be Federal Reserve Chairman Jerome Powell's speech at the annual Jackson Hole banking conference. Instead, China seized the headlines by announcing new tariffs on U.S. goods.

Domestic stocks ended up lower for the week. The Nasdaq Composite fell 1.83%; the S&P 500, 1.44%; the Dow Jones Industrial Average, 0.99%. International stocks posted a weekly gain: the MSCI EAFE benchmark rose 0.96%.^{1,2}

BEIJING PLANS NEW TARIFFS

Friday morning, China's finance ministry stated it would levy import taxes of 5-10% on an additional \$75 billion of American imports. One set of tariffs is slated to start September 1, targeting U.S. crops, meats, and seafood. A second set, effective December 15, will put tariffs on U.S.-made cars and car parts. In total, these taxes are scheduled for more than 5,000 American products.

Friday evening, the White House announced two rounds of 5% increases on existing U.S. tariffs on Chinese goods, to be successively implemented on September 1 and October 1.^{3,4}

POWELL REFLECTS AT JACKSON HOLE

Friday, Jerome Powell delivered an address on monetary policy at the Kansas City Fed's annual Jackson Hole symposium. He noted that the global economy currently presented a "complex, turbulent picture," and added that the Fed was "carefully watching developments" and would "act as appropriate."

Investors wonder if, at its September meeting, the central bank will consider another rate cut. Comments from other Fed officials at Jackson Hole did not indicate a consensus on that matter.⁵

LEADING INDICATORS RISE

The Conference Board, the business research group known for its monthly Consumer Confidence Index, also publishes a monthly Leading Economic Indicator (LEI) Index. The Conference Board's LEI provides a forward-looking analysis of the health of the business cycle, looking at ten factors ranging from consumer expectations to stock prices to construction activity.

In July, the LEI rose 0.5%, following 0.1% descents in May and June. This sudden increase offers optimism at a time when investors are wondering about the momentum of the economy.⁶

FINAL THOUGHT

Bond prices have risen around the world, leading to lower bond yields. In some instances, yields have turned negative. While the yield on the 10-year Treasury has also declined, it is still above 1.5%, notably exceeding the yields of similar-duration bonds in France, Germany, Spain, and the United Kingdom.⁷

TIP OF THE WEEK



*Remember that you must **itemize** to claim a federal **tax deduction** for **charitable contributions**. It is to your **advantage** to **itemize** when your total individual deductions **exceed the standard deduction amount** for your federal tax filing status.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Conference Board's July Consumer Confidence Index.

Thursday: The Bureau of Economic Analysis presents the second estimate of second-quarter economic growth, and the National Association of Realtors publishes new data on pending home sales.

Friday: July consumer spending data from the Department of Commerce, and July's final University of Michigan Consumer Sentiment Index (a gauge of consumer confidence levels).

Source: Econoday / MarketWatch Calendar, August 23, 2019

The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision. The release of data may be delayed without notice for a variety of reasons.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Tuesday: Autodesk (ADSK)

Thursday: Abercrombie & Fitch (ABF), Best Buy (BBS), Lululemon Athletica (LULU).

Source: Zacks, August 23, 2019

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

QUOTE OF THE WEEK



*“Whether it’s the best of times or the worst of times, it’s the
only time we’ve got.”*

ART BUCHWALD

Market Index	Close	Week	Y-T-D
DJIA	25,628.90	-0.99%	+9.87%
NASDAQ	7,751.77	-1.83%	+16.83%
MSCI-EAFE	1,829.29	+0.96%	+6.36%
S&P 500	2,847.11	-1.44%	+13.57%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.52%	-0.03%	-1.17%

Sources: The Wall Street Journal, August 23, 2019; Treasury.gov, August 23, 2019

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, August 16 to the Friday, August 23 close. Weekly performance for the MSCI-EAFE is measured from the Friday, August 16 open to the Thursday, August 22 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

THE WEEKLY RIDDLE



A crook **steals** \$100 from a cash register. The crook **returns** an hour later with the same \$100 and **buys** \$70 in items, receiving \$30 in change. How much does the merchant lose?

LAST WEEK'S RIDDLE: Without fingers, I point; without arms, I strike; without feet, I run. What am I?

ANSWER: A clock.



781.736.9877

Know someone who could use information like this?

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

Representatives are registered, securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member [FINRA/SIPC](#), a registered broker/dealer and investment advisor, which is not an affiliate of the credit union. CBSI is under contract with the financial institution to make securities available to members. **Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution.**

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock

Exchange (the “NYSE”) and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world’s largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

- 1 - wsj.com/market-data [8/23/19]
- 2 - quotes.wsj.com/index/XX/990300/historical-prices [8/23/19]
- 3 - cnn.com/2019/08/23/business/china-tariff-products-soybeans-oil/index.html [8/23/19]
- 4 - marketwatch.com/story/trump-says-us-tariffs-will-increase-on-chinese-goods-2019-08-23 [8/23/19]
- 5 - marketwatch.com/story/powell-says-fed-carefully-watching-developments-and-will-act-as-appropriate-2019-08-23-10103027 [8/23/19]
- 6 - conference-board.org/data/bcicountry.cfm?cid=1 [8/22/19]
- 7 - cnbc.com/2019/08/20/investing-in-the-strange-negative-yield-world-its-very-hard-to-wrap-your-arms-around.html [8/20/19]

CHART CITATIONS:

- wsj.com/market-data [8/23/19]
- quotes.wsj.com/index/SPX/historical-prices [8/23/19]
- treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield [8/23/19]
- treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll [8/23/19]